

TAX ADMINISTRATION AND JUSTICE

American taxpayers annually pay more than \$2 trillion in taxes to fund the federal government, and federal tax laws affect individual and business behavior throughout the economy and impose a significant compliance burden on taxpayers. For all of these reasons, the Congress is vitally concerned with tax policy, the size and complexity of the tax code, and the Internal Revenue Service's (IRS) implementation of legislatively mandated reforms aimed at providing better service to taxpayers.

In addition, despite the recent downturn in overall crime levels, law enforcement remains a major concern of the American public and the Congress, and spending on law enforcement issues has grown from \$10 billion to \$27 billion in the past decade. Citizens, as well as state and local governments, look to the federal government to provide leadership in finding ways to prevent, detect, and respond to domestic and transnational crime; control illegal drug use; deter illegal immigration; provide an efficient federal judiciary; and control prison costs.

Tax Administration and Justice (TAJ) assists the Congress by researching tax policy and tax administration issues as well as justice issues.

DESCRIPTION OF

our work

A vital part of our work is communicating our research results to Capitol Hill through briefings, written reports, congressional testimonies, and meetings with members of the Congress. We are in frequent contact with congressional staff, IRS and Department of Justice officials, and state tax and law enforcement administrators, and we use a variety of analytical techniques, including surveys, econometrics, statistical analyses of large data sets, empirical analyses of various tax codes, modeling, and structured interviews.

In the *tax* area, TAJ seeks to

- enhance IRS efforts to improve service to taxpayers and compliance with tax laws;
- simplify taxes and reduce the compliance burden on small businesses, private pension plans, and individual taxpayers; and
- enhance IRS opportunities to collect taxes that are due.

In the *justice* area, TAJ seeks to

- help Congress strengthen the system of justice so that it is more effective in controlling crime, illegal drug use, and illegal immigration, and
- increase the effectiveness and efficiency of the federal court and prison systems.

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IMPACT OF

our work

The work we do in the tax area supports congressional deliberations on tax policy and oversight of IRS. For example, our evaluations of the Earned Income Credit and the Possessions Tax Credit contributed to legislation that redesigned both credits, resulting in billions of dollars of savings to taxpayers. Our work has also contributed to the passage of major legislation mandating the modernization of IRS and enhanced protections of taxpayer rights. In addition, we have provided the Congress valuable information (e.g., on the effects of e-commerce on state sales tax revenues) as well as provided suggestions for tax code simplification. And finally, the overall fairness of the tax system has been improved through our recommendations for collecting hundreds of millions of dollars of unpaid taxes.

Our work in the justice area has resulted in significant improvement in the management of the Department of Justice. For example, our recommendations resulted in improvements that have enhanced the accuracy and responsiveness of the "instant check" system for checking the criminal records of potential gun purchasers. Based on another review, the Congress deleted a \$60 million appropriation for the purchase of helicopters by the border patrol because it was not clear that the model to be purchased met Immigration and Naturalization Service mission needs. In addition, a review of the Bureau of Prisons led to changes in contracting for health care that could result in millions of dollars in savings. Our work has also contributed to congressional decisions to require support for judgeship requests (including information on the use of alternatives to additional judgeships) and to reform bankruptcy laws.

HIGHLIGHTS OF RECENT and *future projects*

Tax Administration

- IRS 2000 filing season
- Voluntary compliance
- IRS seizure program
- Taxpayer rights issues
- IRS customer service initiatives
- IRS modernization (organizational restructuring and systems)

Tax Policy

- Tax system scope and complexity
- Income tax credits
- Electronic commerce

Illegal Drugs

- Proliferation of drug task forces
- National media campaigns on underage drinking and drug use
- DEA mobile enforcement teams

Crime

- Federal agencies' responses to international crime
- FBI/Justice intelligence sharing
- Department of Justice grant monitoring and results
- Management of the Department of Justice

Courts and Prisons

- D.C. criminal justice system
- Offender reintegration

Immigration

- INS applications processing
- INS control over benefit fraud
- Illegal immigration on the southwest border